

**CONTRACT #4
RFS # 309.01-017**

**Tennessee Treasury
Department**

**VENDOR:
TIAA-CREF Tuition
Financing, Inc.**

RECEIVED
SEP 10 2007
FISCAL REVIEW

MEMORANDUM

TO: The Honorable M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

FROM: Dale Sims, Treasurer
Department of the Treasury

DATE: September 4, 2007

RE: ***Memorandum of Explanation for Submitting Noncompetitive Amendment
Request Less Than Sixty (60) Days Prior to Contract Amendment Start Date:
BEST Savings Plan Administrative and Investment Management Services
Contract Between the Tennessee Treasury Department and TIAA-CREF
Tuition Financing, Inc.***

The Baccalaureate Education System Trust (BEST) was established by State statute, whereby parents and other interested persons may assist students in saving for tuition cost of attending colleges and universities. The prepaid plan began in 1997 and has approximately 8,700 accounts with assets exceeding \$60 million. The savings plan began in 2000 and has approximately 4,200 accounts with assets exceeding \$30 million.

Because Tennessee does not have the asset size that generates an "economies of scale" that would provide for lower fees and more investment choices for its savings plan participants, the decision was made to pursue pooling efforts with the State of Georgia, which has an asset base of over \$400 million. With Georgia having an asset base of over \$400 million, the pooling of assets would allow Tennessee citizens to have a lower cost program with more investment options. The states of Mississippi, Alabama, and Kentucky are also exploring the pooling option with Georgia. At this point, Tennessee is being more aggressive relative to pooling with Georgia because our third party savings plan administrator contract expires before any of the other states' third party vendor contracts. The more states that pool with the Georgia plan, the lower the fees that participants will pay because Georgia's anticipated contract with its third-party vendor envisions lower fees as assets increase to various breakpoint levels.

Our third-party vendor (TIAA-CREF Tuition Financing, Inc.) has administered the Savings Plan since implementation. The contract was procured pursuant to the RFP procurement process and is scheduled to expire on September 30, 2007. However, as

September 4, 2007

Page 2

explained in our non-competitive amendment request, it is necessary and desirable to extend the contract for an additional eight months through May 31, 2008.

The timing of this request was delayed due to the nature of negotiations between our department and the State of Georgia, and the finalization of contract details between the State of Georgia and its third party savings plan administrator. It was originally believed that an amenable agreement would be reached between our department and the State of Georgia months ago. However, after exchanging a series of proposals and counterproposals, we were not able to reach an amendable agreement until this last month. Further, even though the agreement had been reached, it was determined that several additional critical steps must be taken prior to the actual pooling efforts. Several of these critical steps must be undertaken or headed by the State of Georgia's third party savings plan administrator once the contract details have been worked out between Georgia and its third party administrator.

These additional steps include, but are not limited to, the development and publication of revised plan documents, related forms and marketing materials as a result of the pooling effort, and, most importantly, notices to Tennessee savings plan participants. Participants must be given several notices advising them of the change and affording them adequate time to roll their funds into the Georgia savings plan or to such other 529 plans as they may desire. Until these steps are completed, it would be in the State's (its citizens) best interest to extend its current arrangement with our savings plan third party administrator to enable the State to continue the savings plan without switching vendors for this short period of time.

While the timing of this request is unfortunate, we believe Georgia's negotiations with its third party vendor to reduce fees and increase investment options will achieve Tennessee's goal of providing its current savings plan participants with an improved product at a better price.

If you have any questions or need any additional information, please do not hesitate to contact me at 741-2956, or Mr. Steve Curry at 532-8045.

MEMORANDUM

TO: The Honorable M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

FROM: Dale Sims, Treasurer
Department of the Treasury

RE: *Noncompetitive Amendment Request – BEST Savings Plan Administrative and Investment Management Services Contract Between the Tennessee Treasury Department and TIAA-CREF Tuition Financing, Inc.*

BACKGROUND

The Baccalaureate Education System Trust (BEST) was established by State statute, whereby parents and other interested persons may assist students in saving for tuition cost of attending colleges and universities. The prepaid plan began in 1997 and has approximately 8,700 accounts with assets exceeding \$60 million. The savings plan began in 2000 and has approximately 4,200 accounts with assets exceeding \$30 million.

A third-party vendor (TIAA-CREF Tuition Financing, Inc.) has administered the Savings Plan since implementation. The contract was procured pursuant to the RFP procurement process and was scheduled to expire on June 1, 2007. However, TIAA advised that it was not willing to continue the program much longer after the contract expiration date as the contract is currently structured relative to the fees and the marketing requirements. Most likely, other vendors will experience the same issues.

Under the savings plan, participants finance 100% of the administrative cost of the program as a charge against their accumulated account balance. Currently, TIAA-CREF charges an 80 basis point (8 tenths of 1%) fee. The fee was 95 basis points when savings plan began in 2000 but was reduced to 80 in 2005 when the contract was extended for two years. The savings plan has only three investment choices: an aged based portfolio option, a 100% equity option, and a guaranteed option.

With the expiration of the contract with TIAA-CREF on June 1, 2007, the Treasury Department staff began exploring how best to continue the savings plan in a manner that is beneficial to the citizens of Tennessee.

Because Tennessee's plan is relatively small with only \$30 million, we were at a disadvantage when seeking a vendor to continue the program after the contract expired. Tennessee does not have the necessary "economies of scale" in order to offer a plan with

a competitive fee relative to other plans. Moreover, the asset base is so small that it can only support a limited number of investment options.

529 plans are evaluated by various organizations. For Tennessee's plan, Morningstar recommends investors to go elsewhere. Since Tennessee does not have an income tax and thus no tax incentive to utilize the program, Morningstar recommends investors consider a lower-cost state, particularly if investors are comfortable with the TIAA-CREF investment options. Since fees and investment options are essential components of the evaluation process performed on 529 plans, the Treasury Department began actively exploring alternatives that would enhance the value of its 529 plan for Tennessee citizens. Jane Bryant Quinn of Newsweek Magazine has written extensively about 529 college savings plans. Quinn encourages states to offer plans with lower fees and to consider pooling efforts among states to hold down cost.

Because Tennessee does not have the asset size that generates an "economies of scale" that would provide for lower fees and more investment choices, the BEST Board authorized Treasury to pursue pooling efforts with the State of Georgia, which has an asset base of over \$400 million. With Georgia having an asset base of over \$400 million, the pooling of assets would allow Tennessee citizens to have a lower cost program with more investment options. The states of Mississippi, Alabama, and Kentucky are also exploring the pooling option with Georgia. At this point, Tennessee is being more aggressive relative to pooling with Georgia because our third party vendor contract expires before any of the other states' third party vendor contracts. The more states that pool with the Georgia plan, the lower the fees that participants will pay because Georgia's anticipated contract with its vendor envisions lower fees as assets increase to various breakpoint levels.

The main purpose of pooling assets would be to provide a better product at a lower cost for Tennessee citizens who utilize this product for financing student expenses relative to higher education. Specific enhancements include:

- Tennessee can take advantage of "economies of scale" by joining Georgia to enhance the features of the plan. Tennessee's plan is only \$30 million in size while Georgia's program is \$400 million.
- Tennessee's plan has an 80 basis point fee (8 tenths of 1% of asset value). It is anticipated that the pooling of assets could secure a fee in the 60-65 basis point range, which represents an 18%-25% reduction. There are indications that Tennessee's 6-year-old plan with only \$30 million in assets would have difficulty attracting a vendor even at the current 80 basis point level.
- Tennessee's plan currently has three investment choices for participants. Tennessee's asset level of only \$30 million would not support additional investment choices. With the higher asset level by pooling assets, the proposed program would have between 9 and 14 investment options that investors would be able to select from. The various investment options would cover most investment strategies, thus allowing an investor to select a product that meets their level of risk tolerance.

- There would be a more efficient use of marketing by producing one set of marketing material. Also, there are common borders among the states that make marketing more efficient.

Pursuant to the BEST Board's authorization, the Treasury Department staff began actively negotiating the terms of the arrangement with the State of Georgia. However, several key provisions were still under discussion, and it was anticipated that it would take several more months before all provisions could be finalized. As a consequence, our current vendor agreed to continue administering the savings plan through September 30, 2007 under the current contract provisions.

On March 13, 2007, we presented to your office and to the Fiscal Review Committee a request to procure an amendment with our current vendor to extend the contract. This request was approved and we extended the contract through September 30, 2007. During this time, the Treasury Department continued to actively negotiate with Georgia. After exchanging a series of proposals and counterproposals, we were able to reach an amenable agreement within the last month. Although the agreement has been reached, several significant additional steps must take place. First, Georgia must finalize the contract details with its vendor and then prepare revised plan documents and other related forms and materials as a result of the pooling. Notices must then be given to Tennessee savings plan participants advising them of the change and affording them adequate time to roll their funds into the Georgia plan or to such other 529 plan as they may desire.

Our current vendor is aware of these additional critical steps and has agreed to continue administering the plan until the steps are finalized. We anticipate that these steps should be completed by no later than May 31, 2008.

I.

DESCRIPTION OF THE PROPOSED AMENDMENT EFFECTS AND ANY ADDITIONAL SERVICE

The contract with TIAA-CREF to administer the savings plan expires on September 30, 2007. This proposed amendment would extend the contract term for eight additional months through May 31, 2008 to enable Georgia to finalize the contract details with its vendor, to prepare revised plan documents and other related forms and materials as a result of the pooling, and to enable us to provide notice to Tennessee savings plan participants of the change and affording them adequate time to roll their funds into the Georgia plan or to such other 529 plan as they may desire.

II.

EXPLANATION OF NEED FOR THE PROPOSED AMENDMENT

As previously indicated above, it would be in the State's (and its citizens) best interests to extend the term of the contract through May 31, 2008. This additional time period is necessary to enable the State to continue the savings plan while completing several critical steps to provide a better savings plan product at a lower cost for Tennessee citizens.

III.
**NAME AND ADDRESS OF CONTRACTOR'S CURRENT PRINCIPAL
OWNER(S)**

The Contractor is a for-profit corporation that is owned by a publicly traded company, which means that the Contractor is owned by numerous individual investors who have purchased its stock.

IV.
**DOCUMENTATION OF OFFICE FOR INFORMATION RESOURCES
ENDORSEMENT**

N/A

V.
DOCUMENTATION OF DEPARTMENT OF PERSONNEL ENDORSEMENT

N/A

VI.
DOCUMENTATION OF STATE ARCHITECT ENDORSEMENT

N/A

VII.
**DESCRIPTION OF PROCURING AGENCY EFFORTS TO IDENTIFY
REASONABLE, COMPETITIVE, PROCUREMENT ALTERNATIVES**

The current contract resulted from a Request for Proposal. The purpose of the procurement was for the implementation and management of the Savings Plan and for the investment of the Plan's assets. This amendment is merely an extension of the services currently being provided by the contractor until the State and Georgia can complete several critical steps in finalizing the arrangement. The term extension would only be for approximately eight months, and it would not be in the best interest of the State (and its citizens) to switch vendors for this short period of time.

VIII.
JUSTIFICATION FOR THE PROPOSED NON-COMPETITIVE AMENDMENT

As stated above, the amendment is merely an extension of the services currently being provided by the contractor, i.e., to implement and manage the Savings Plan and to invest the Plan's assets. This amendment would give the State additional time within which to complete several critical steps in finalizing the arrangements with the State of Georgia. The additional time is necessary to enable the State to continue the savings plan while

finalizing the details to provide a better savings plan product at a lower cost for Tennessee citizens.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #

309.01-017

2) State Agency Name :

Tennessee Treasury Department

EXISTING CONTRACT INFORMATION

3) Service Caption :

Provides administrative and investment management services for the Savings Plan component of the Baccalaureate Education System Trust Program.

4) Contractor :

TIAA-CREF Tuition Financing, Inc.

5) Contract #

FA-00-13872

6) Contract Start Date :

December 2, 1999

7) Current Contract End Date IF all Options to Extend the Contract are Exercised :

September 30, 2007

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$0.00

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment #

6

10) Proposed Amendment Effective Date :

(attached explanation required if date is < 60 days after F&A receipt)

October 1, 2007

11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :

May 31, 2008

12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :

\$0.00

13) Approval Criteria :
(select one)



use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

The contract with TIAA-CREF to administer the savings plan expires on September 30, 2007. This proposed amendment would extend the contract term for eight additional months through May 31, 2008 to enable Georgia to finalize the contract details with its vendor, to prepare revised plan documents and other related forms and materials as a result of the pooling, and to enable us to provide notice to Tennessee savings plan participants of the change and affording them adequate time to roll their funds into the Georgia plan or to such other 529 plan as they may desire.

BACKGROUND

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With the expiration of the contract with TIAA-CREF on June 1, 2007, the Treasury Department staff began exploring how best to continue the savings plan in a manner that is beneficial to the citizens of Tennessee. Because Tennessee's plan is relatively small with only \$30 million, we were at a disadvantage when seeking a vendor to continue the program after the contract expired. Tennessee does not have the necessary "economies of scale" in order to offer a plan with a competitive fee relative to other plans. Moreover, the asset base is so small that it can only support a limited number of investment options.

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- Tennessee's plan currently has three investment choices for participants. Tennessee's asset level of only \$30 million would not support additional investment choices. With the higher asset level by pooling assets, the proposed program would have between 9 and 14 investment options that investors would be able to select from. The various investment options would cover most investment strategies, thus allowing an investor to select a product that meets their level of risk tolerance.
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On March 13, 2007, we presented to your office a request to procure an amendment with our current vendor to extend the contract. This request was approved and we extended the contract through September 30, 2007. During this time, the Treasury Department continued to actively negotiate with Georgia. After exchanging a series of proposals and counterproposals, we were able to reach an amenable agreement within the last month. Although the agreement has been reached, several significant additional steps must take place. First, Georgia must finalize the contract details with its vendor and then prepare revised plan documents and other related forms

and materials as a result of the pooling. Notices must then be given to Tennessee savings plan participants advising them of the change and affording them adequate time to roll their funds into the Georgia plan or to such other 529 plan as they may desire.

Our current vendor is aware of these additional critical steps and has agreed to continue administering the plan until the steps are finalized. We anticipate that these steps should be completed by no later than May 31, 2008.

15) Explanation of Need for the Proposed Amendment :

As previously indicated above, it would be in the State's (and its citizens) best interests to extend the term of the contract through May 31, 2008. This additional time period is necessary to enable the State to continue the savings plan while completing several critical steps to provide a better savings plan product at a lower cost for Tennessee citizens.

16) Name & Address of Contractor's Current Principal Owner(s) :

(not required if proposed contractor is a state education institution)

The Contractor is a for-profit corporation that is owned by a publicly traded company, which means that the Contractor is owned by numerous individual investors who have purchased its stock.

17) Documentation of Office for Information Resources Endorsement :

(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

The current contract resulted from a Request for Proposal. The purpose of the procurement was for the implementation and management of the Savings Plan and for the investment of the Plan's assets. This amendment is merely an extension of the services currently being provided by the contractor until the State and Georgia can complete several critical steps in finalizing the arrangement. The term extension would only be for approximately eight months, and it would not be in the best interest of the State (and its citizens) to switch vendors for this short period of time.

21) Justification for the Proposed Non-Competitive Amendment :

As stated above, the amendment is merely an extension of the services currently being provided by the contractor, i.e., to implement and manage the Savings Plan and to invest the Plan's assets. This amendment would give the State additional time within which to complete several critical steps in finalizing the arrangements with the State of Georgia. The additional time is necessary to enable the State to continue the savings plan while finalizing the details to provide a better savings plan product at a lower cost for Tennessee citizens.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature

Date

C O N T R A C T S U M M A R Y S H E E T

070407

RFS #	Contract #
309.01 — 017 — 00	FA — 00-13872-06
State Agency	State Agency Division
Tennessee Treasury Department	Baccalaureate Education System Trust
Contractor Name	Contractor ID # (FEIN or SSN)
TIAA-CREF Tuition Financing, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 13-4026557

Service Description

Provides administrative and investment services for the Savings Plan component of the Baccalaureate Education System Trust.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
December 2, 1999	May 31, 2008	Vendor	

Mark Each TRUE Statement
☒ Contractor is on STARS

☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
309.01	N/A	N/A	N/A		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2000	\$0.00				\$0.00
2001	\$0.00				\$0.00
2002	\$0.00				\$0.00
2003	\$0.00				\$0.00
2004	\$0.00				\$0.00
2005	\$0.00				\$0.00
2006	\$0.00				\$0.00
2007	\$0.00				\$0.00
2008	\$0.00				\$0.00
TOTAL:	\$0.00				\$0.00

— COMPLETE FOR AMENDMENTS ONLY —
State Agency Fiscal Contact & Telephone #

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2000	\$0.00	
2001	\$0.00	
2002	\$0.00	
2003	\$0.00	
2004	\$0.00	
2005	\$0.00	
2006	\$0.00	
2007	\$0.00	
2008	\$0.00	\$0.00
TOTAL:	\$0.00	\$0.00

End Date:	September 30, 2007	May 31, 2008
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State Agency Budget Officer Approval

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American

☐ Person w/ Disability

☐ Hispanic

☐ Small Business

☐ Asian ☐ Female ☐ Native American ☐ NOT Minority/Disadvantaged

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

☐ RFP ☐ Competitive Negotiation * ☐ Alternative Competitive Method *
☐ Non-Competitive Negotiation * ☐ Negotiation w/ Government (ID, GG, GU)

*** Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

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**AMENDMENT NUMBER SIX
TO CONTRACT FA-00-13872-00
BETWEEN THE
STATE OF TENNESSEE, BACCALAUREATE EDUCATION SYSTEM TRUST
AND
TIAA-CREF TUITION FINANCING, INC.**

This Contract Amendment is made and entered by and between the State of Tennessee, Baccalaureate Education System Trust, hereinafter referred to as the "State", and TIAA-CREF Tuition Financing, Inc., hereinafter referred to as the "Contractor". It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. Delete Section B in its entirety and insert the following in its place:

"B. TERM:

This Contract shall be effective for the period commencing on December 2, 1999 and ending on May 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

The revisions set forth herein shall be effective October 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

TIAA-CREF TUITION FINANCING, INC.:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

BACCALAUREATE EDUCATION SYSTEM TRUST:

**DALE SIMS, STATE TREASURER & CHAIR
OF THE BOARD OF TRUSTEES**

DATE

APPROVED:

**M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION**

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Curt Cobb	Donna Rowland
Curtiss Johnson	David Shepard
Gerald McCormick	Curry Todd
Mary Pruitt	Eddie Yokley
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Douglas Henry, Vice-Chairman
Senators

Doug Jackson	Reginald Tate
Bill Ketron	Jamie Woodson
Paul Stanley	
Randy McNally, <i>ex officio</i>	
Lt. Governor Ron Ramsey, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee *CC*
Bill Ketron, Chairman, Contract Services Subcommittee *BR*

DATE: April 9, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 4/2/07)

RFS# 309.01-017

Department: Treasury

Division: Baccalaureate Education System Trust (BEST)

Contractor: TIAA-CREF Tuition Financing, Inc.

Summary: Vendor is currently responsible for administrative and investment management services for the Savings Plan component of the BEST program. This amendment extends the existing contract approximately four months, effective through September 30, 2007.

Maximum liability: N/A – NO STATE FUNDS

Maximum liability with amendment: N/A – NO STATE FUNDS

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: The Honorable Dale Sims, State Treasurer
Mr. Robert Barlow, Director, Office of Contracts Review

STATE OF TENNESSEE



DALE SIMS
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

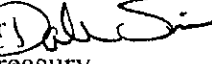
RECEIVED

MAR 15 2007

MEMORANDUM

FISCAL REVIEW

TO: The Honorable M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

FROM: Dale Sims, Treasurer 
Department of the Treasury

DATE: March 13, 2007

RE: *Noncompetitive Amendment Request – BEST Savings Plan Administrative
and Investment Management Services Contract Between the Tennessee
Treasury Department and TIAA-CREF Tuition Financing, Inc.*

INTRODUCTION

A college savings plan under section 529 of the Internal Revenue Code provides certain tax advantages to citizens using the program and provides a method for saving toward the cost for a student to attend college. Tennessee makes two types of 529 college savings plans available to the citizens of Tennessee.

One plan that Tennessee provides is referred to as the pre-paid plan whereby units are purchased which grow in value at the rate of increase of the weighted average tuition (and fees) of the four-year public universities in Tennessee. The second plan is called the savings plan, which grows in value based on the yield of the underlying securities of the portfolio selected. Tennessee's savings plan has three investment choices: an aged based portfolio option, a 100% equity option, and a guaranteed option.

A third-party vendor (TIAA-CREF Tuition Financing, Inc.) has administered the savings plan since implementation. The contract was procured pursuant to the RFP procurement process and expires on June 1, 2007.

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March 13, 2007

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With the expiration of the contract with TIAA-CREF on June 1, 2007, the Treasury Department staff has been exploring how best to continue the savings plan in a manner that is beneficial to the citizens of Tennessee.

Because Tennessee's plan is relatively small with only \$30 million, we are at a disadvantage when seeking a vendor to continue the program after the contract expires. Tennessee does not have the necessary "economies of scale" in order to offer a plan with a competitive fee relative to other plans. Moreover, the asset base is so small that it can only support a limited number of investment options.

Our current vendor has advised that it is not willing to continue the program much longer after the contract expiration date as the contract is currently structured relative to the fees and the marketing requirements. Most likely, other vendors will experience the same issues.

529 plans are evaluated by various organizations. For Tennessee's plan, Morningstar recommends investors to go elsewhere. Since Tennessee does not have an income tax and thus no tax incentive to utilize the program, Morningstar recommends investors consider a lower-cost state, particularly if investors are comfortable with the TIAA-CREF investment options. Since fees and investment options are essential components of the evaluation process performed on 529 plans, the Treasury Department has been actively exploring alternatives that would enhance the value of its 529 plan for Tennessee citizens. Jane Bryant Quinn of Newsweek Magazine has written extensively about 529 college savings plans. Quinn encourages states to offer plans with lower fees and to consider pooling efforts among states to hold down cost.

Because Tennessee does not have the asset size that generates an "economies of scale" that would provide for lower fees and more investment choices, the BEST Board has authorized Treasury to pursue pooling efforts with the State of Georgia, which has an asset base of over \$400 million. With Georgia having an asset base of over \$400 million, the pooling of assets would allow Tennessee citizens to have a lower cost program with more investment options. The states of Mississippi, Alabama, and Kentucky are also exploring the pooling option with Georgia. At this point, Tennessee is being more aggressive relative to pooling with Georgia because our third party vendor contract expires before any of the other states' third party vendor contracts. The more states that pool with the Georgia plan, the lower the fees that participants will pay because Georgia's anticipated contract with its vendor envisions lower fees as assets increase to various breakpoint levels.

The main purpose of pooling assets would be to provide a better product at a lower cost for Tennessee citizens who utilize this product for financing student expenses relative to higher education. Specific enhancements include:

- Tennessee can take advantage of “economies of scale” by joining Georgia to enhance the features of the plan. Tennessee’s plan is only \$30 million in size while Georgia’s program is \$400 million.
- Tennessee’s plan has an 80 basis point fee (8 tenths of 1% of asset value). It is anticipated that the pooling of assets could secure a fee in the 60-65 basis point range, which represents an 18%-25% reduction. There are indications that Tennessee’s 6-year-old plan with only \$30 million in assets would have difficulty attracting a vendor even at the current 80 basis point level.
- Tennessee’s plan currently has three investment choices for participants. Tennessee’s asset level of only \$30 million would not support additional investment choices. With the higher asset level by pooling assets, the proposed program would have between 9 and 14 investment options that investors would be able to select from. The various investment options would cover most investment strategies, thus allowing an investor to select a product that meets their level of risk tolerance.
- There would be a more efficient use of marketing by producing one set of marketing material. Also, there are common borders among the states that make marketing more efficient.

Pursuant to the BEST Board’s authorization, the Treasury Department staff have been actively negotiating the terms of the arrangement with the State of Georgia. However, several key provisions are still under discussion, and it may take several more months before all provisions can be finalized. As a consequence, our current vendor has agreed to continue administering the savings plan through September 30, 2007 under the current contract provisions.

I.

DESCRIPTION OF THE PROPOSED AMENDMENT EFFECTS AND ANY ADDITIONAL SERVICE

The contract with TIAA-CREF to administer the savings plan expires on June 1, 2007. This proposed amendment would extend the contract term for approximately four additional months through September 30, 2007 to enable the State to finalize the arrangement with the State of Georgia.

II.

EXPLANATION OF NEED FOR THE PROPOSED AMENDMENT

As previously indicated above, it would be in the State’s (and its citizens) best interests to extend the term of the contract through September 30, 2007. This additional time period is necessary to enable the State to continue the savings plan while finalizing the details to provide a better savings plan product at a lower cost for Tennessee citizens.

III.

**NAME AND ADDRESS OF CONTRACTOR'S CURRENT PRINCIPAL
OWNER(S)**

The Contractor is a for-profit corporation that is owned by a publicly traded company, which means that the Contractor is owned by numerous individual investors who have purchased its stock.

IV.

**DOCUMENTATION OF OFFICE FOR INFORMATION RESOURCES
ENDORSEMENT**

N/A

V.

DOCUMENTATION OF DEPARTMENT OF PERSONNEL ENDORSEMENT

N/A

VI.

DOCUMENTATION OF STATE ARCHITECT ENDORSEMENT

N/A

VII.

**DESCRIPTION OF PROCURING AGENCY EFFORTS TO IDENTIFY
REASONABLE, COMPETITIVE, PROCUREMENT ALTERNATIVES**

The current contract resulted from a Request for Proposal. The purpose of the procurement was for the implementation and management of the Savings Plan and for the investment of the Plan's assets. This amendment is merely an extension of the services currently being provided by the contractor until the State can finalize the details with the State of Georgia. The term extension would only be for approximately four months, and it would not be in the best interest of the State (and its citizens) to switch vendors for this short period of time.

VIII.

JUSTIFICATION FOR THE PROPOSED NON-COMPETITIVE AMENDMENT

As stated above, the amendment is merely an extension of the services currently being provided by the contractor, i.e., to implement and manage the Savings Plan and to invest the Plan's assets. This amendment would give the State additional time within which to work out the final arrangements with the State of Georgia. The additional time is

March 13, 2007

Page 5

necessary to enable the State to continue the savings plan while finalizing the details to provide a better savings plan product at a lower cost for Tennessee citizens.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	309.01-017	
2) State Agency Name :	Tennessee Treasury Department	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Provides administrative and investment management services for the Savings Plan component of the Baccalaureate Education System Trust Program.	
4) Contractor :	TIAA-CREF Tuition Financing, Inc.	
5) Contract #	FA-00-13872	
6) Contract Start Date :	December 2, 1999	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	June 1, 2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$0.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	5	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	June 2, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2007	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$0.00	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
See attached memorandum dated March 13, 2007		
15) Explanation of Need for the Proposed Amendment :		

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:

☐

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:

☐

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

21) Justification for the Proposed Non-Competitive Amendment :

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Dale Sin

3/13/07

Agency Head Signature

Date

AMENDMENT NUMBER FIVE
TO CONTRACT FA-00-13872-00
BETWEEN THE
STATE OF TENNESSEE, BACCALAUREATE EDUCATION SYSTEM TRUST
AND
TIAA-CREF TUITION FINANCING, INC.

This Contract, by and between the State of Tennessee, Baccalaureate Education System Trust, hereinafter referred to as the State, and TIAA-CREF Tuition Financing, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section B in its entirety and insert the following in its place:

"B. TERM:

This Contract shall be effective for the period commencing on December 2, 1999 and ending on September 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

TIAA-CREF TUITION FINANCING, INC.:

BY: _____ DATE _____
(SIGNATURE)

(TYPED OR PRINTED NAME AND TITLE)

BACCALAUREATE EDUCATION SYSTEM TRUST:

BY: _____ DATE _____
DALE SIMS, STATE TREASURER & CHAIR OF
THE BOARD OF TRUSTEES

**APPROVED:
DEPARTMENT OF FINANCE AND ADMINISTRATION:**

BY: _____ DATE _____
M. D. GOETZ, JR., COMMISSIONER

COMPTROLLER OF THE TREASURY

BY: _____ DATE _____
JOHN G. MORGAN, COMPTROLLER

C O N T R A C T S U M M A R Y S H E E T

060706

RFS #	Contract #
309.01 — 017 — 07	FA — 00-13872-05
State Agency	State Agency Division
Tennessee Treasury Department	Baccalaureate Education System Trust
Contractor Name	Contractor ID # (FEIN or SSN)
TIAA-CREF Tuition Financing, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 13-4026557

Service Description

Provides administrative and investment services for the Savings Plan component of the Baccalaureate Education System Trust.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
December 2, 1999	September 30, 2007	Vendor	

Mark Each TRUE Statement
☒ Contractor is on STARS

☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
309.01	N/A	N/A	N/A		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2000	\$0.00				\$0.00
2001	\$0.00				\$0.00
2002	\$0.00				\$0.00
2003	\$0.00				\$0.00
2004	\$0.00				\$0.00
2005	\$0.00				\$0.00
2006	\$0.00				\$0.00
2007	\$0.00				\$0.00
2008	\$0.00				\$0.00
TOTAL:	\$0.00				\$0.00

— COMPLETE FOR AMENDMENTS ONLY —
State Agency Fiscal Contact & Telephone #

Mary Roberts-Krause, General Counsel
10th Floor, Andrew Jackson Building
741-8202, extension 104

State Agency Budget Officer Approval

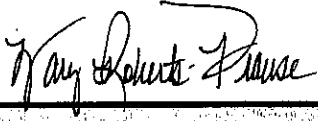
Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

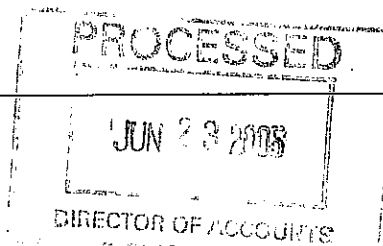
FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2000	\$0.00	
2001	\$0.00	
2002	\$0.00	
2003	\$0.00	
2004	\$0.00	
2005	\$0.00	
2006	\$0.00	
2007	\$0.00	\$0.00
2008	\$0.00	\$0.00
TOTAL:	\$0.00	\$0.00
End Date:	June 1, 2007	September 30, 2007

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	
Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)				
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method		
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)	<input type="checkbox"/> Other		
Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)				
N/A				

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	309.01-017	Contract Number:	FA-00-13872-04
State Agency:	Tennessee Treasury Department	Division:	Baccalaureate Education System Trust
Contractor		Contractor Identification Number	
TIAA-CREF Tuition Financing, Inc.		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	13-4026557
Service Description			
Provides administrative and investment services for the Savings Plan component to the Baccalaureate Education System Trust.			
Contract Begin Date		Contract End Date	
December 2, 1999		June 1, 2007	
Allotment Code	Cost Center	Object Code	Fund
309.01			<input type="checkbox"/> on STARS
Grant	Grant Code	Subgrant Code	
FY	State Funds	Federal Funds	Total Contract Amount (including ALL amendments)
2000	0.00		0.00
2001	0.00		0.00
2002	0.00		0.00
2003	0.00		0.00
2004	0.00		0.00
2005	0.00		0.00
2006	0.00		0.00
2007	0.00		0.00
Total:	0.00		0.00
CFDA #	Check the box ONLY if the answer is YES:		
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: Mary Roberts-Krause, General Counsel Address: 10 th Floor, Andrew Jackson Building Phone: (615) 741-8202, extension 104		Is the Contractor a VENDOR? (per OMB A-133) <input checked="" type="checkbox"/>	
		Is the Fiscal Year Funding STRICTLY LIMITED?	
		Is the Contractor on STARS? <input checked="" type="checkbox"/>	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts? <input checked="" type="checkbox"/>	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
	Base Contract & Prior Amendments	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
	This Amendment ONLY		
END DATE →	June 1, 2007		
FY: 2000	0.00		
FY: 2001	0.00		
FY: 2002	0.00		
FY: 2003	0.00		
FY: 2004	0.00		
FY: 2005	0.00	0.00	



FY: 2006		0.00
FY: 2007		0.00
Total:	0.00	0.00

AMENDMENT NUMBER 4
TO CONTRACT FA-00-13872-00
BETWEEN THE
STATE OF TENNESSEE, BACCALAUREATE EDUCATION SYSTEM TRUST
AND
TIAA-CREF TUITION FINANCING, INC.

WHEREAS, the State of Tennessee, Baccalaureate Education System Trust (the "State"), and TIAA-CREF Tuition Financing, Inc. (the "Contractor") entered into Contract No. FA-00-13872-00 on December 2, 1999 for the provision of implementation and management services to the State in connection with the Educational Savings Plan (the "Savings Plan") component of the Tennessee Baccalaureate Education System Trust Program (the "BEST Program") and the investment of the assets of the Savings Plan, and

WHEREAS, the said parties desire to amend said Contract in the manner described below,

NOW THEREFORE, the parties hereby amend said Contract as follows:

1. Section A.8 is amended by deleting the Section Heading in its entirety and by substituting instead the following:

"8. The Trust Fund; the Savings Plan Investment Policy and Investment Objectives; the Investment Options, the Age Bands, the Mutual Funds, the Plan Fund, the Administrative Fund and the Guaranteed Option; Investment of Trust Assets; Savings Accounts; Contributions; Crediting of Contributions; Withdrawals."

2. Section A.8.c is amended by deleting the same in its entirety and by substituting instead the following:

"c. The Investment Options, the Age Bands, the Mutual Funds, the Plan Fund, the Guaranteed Option and the Administrative Fund. The proceeds from the contributions made to Savings Accounts pursuant to Savings Contracts shall be allocated by the State to the plan fund of the Trust Fund which holds all assets of the Trust Fund excluding the assets held in the Administrative Fund (as defined below) (the "Plan Fund"). The assets of the Plan Fund shall then be allocated by the State to the Age-Based Asset Allocation Option (as defined below), the 100% Equity Option (as defined below), or the

Guaranteed Option (as defined below) (the “Investment Options”), in accordance with the Investment Option elections made by Purchasers in the Savings Contracts, any applicable Allocation Guidelines (as defined in Section A.9.a below), and, with respect to the Age-Based Asset Allocation Option, to the applicable Age Bands (which are each a portion of the assets of the Plan Fund within the Age-Based Asset Allocation Option for Beneficiaries based on the age of the Beneficiary on certain “rolling dates” in accordance with the Allocation Guidelines (as described in Section A.9.a below and as shall be described in the Savings Plan disclosure booklet and the Savings Contract) (the “Age Bands”)). The State shall be the sole trustee of the Trust Fund and the Contractor shall invest Trust Fund assets held in the Plan Fund as follows:

(1) Assets allocated to the “Age-Based Asset Allocation Option” shall be invested exclusively in shares representing ownership interests in the TIAA-CREF Institutional Mutual Funds set forth in Annex A (collectively, the “Age-Based Asset Allocation Option Mutual Funds”) and such other mutual fund or mutual funds as the State and the Contractor may hereafter agree upon in writing;

(2) Assets allocated to the “100% Equity Option” shall be invested exclusively in shares representing ownership interests in the TIAA-CREF Institutional Mutual Funds set forth in Annex A (collectively, the “100% Equity Option Mutual Funds”; and, together with the Age-Based Asset Allocation Option Mutual Funds, the “Mutual Funds”) and such other mutual fund or mutual funds as the State and the Contractor may hereafter agree upon in writing; and

(3) Assets allocated to the “Guaranteed Option” shall, during the Guaranteed Option Subscription Period (defined below), be invested in the TIAA-CREF Institutional Money Market Fund. The Guaranteed Option Subscription Period is the period of time during which contributions directed to the Guaranteed Option are invested in the TIAA-CREF Institutional Money Market Fund pending approval of the Funding Agreement (as defined below) by the New York State Insurance Department. After the Guaranteed Option Subscription Period has ended, such assets shall be allocated to the Funding Agreement. “The Funding Agreement” is a funding agreement to be issued by TIAA-CREF Life Insurance Company (“TIAA-CREF Life”) to the State with respect to the Guaranteed Option, which shall be in substantially the same form as the form Funding Agreement attached hereto as Annex B. The Funding Agreement shall be a general

obligation of TIAA-CREF Life to the State. As such, the Funding Agreement shall provide the State with a guarantee by TIAA-CREF Life of principal and a minimum rate of return as described in the Funding Agreement, with the possibility of additional returns as may be declared by TIAA-CREF Life. This guarantee will not be made directly to Purchasers or Beneficiaries. Neither TIAA-CREF Life nor the Contractor will make any guarantee to Purchasers or Beneficiaries with respect to the Funding Agreement. The parties acknowledge that the Funding Agreement will not be guaranteed or insured by any entity other than TIAA-CREF Life and that there is a risk that TIAA-CREF Life could fail to perform its obligations under the Funding Agreement for financial or other reasons.

In addition, the State shall cause the Trust Fund to establish an account with the TIAA-CREF Money Market Fund in the name of the Trust Fund, and all funds allocated to the administrative fund of the Trust Fund (the "Administrative Fund") shall be deposited in the TIAA-CREF Money Market Fund.

All non-qualified withdrawal penalties and any other penalties or fees charged to Savings Accounts or payable by Purchasers under the Savings Plan shall be deposited in the Administrative Fund. Withdrawals from the Administrative Fund may be made from time to time by the State for the reimbursement of direct and indirect costs and expenses of the State relating to the Savings Plan."

3. Section A.8.d is amended by deleting the same in its entirety and by substituting instead the following:

"d. Investment of Trust Fund Assets. The investment objective, policies and practices for each of the Mutual Funds shall be as set forth in the Mutual Fund registration statement, as amended from time to time, but in any case subject to the Act, the Rules, Section 529 and the Investment Policy. The State agrees to obtain the prior written consent of the Contractor prior to making any modification to the Investment Policy which would cause the Mutual Fund registration statement for any of the Mutual Funds to violate the Investment Policy. The Trust Fund assets held in the Plan Fund shall be invested and administered by the Contractor as set forth in the registration statement for the Mutual Funds and as shall be set forth in the Savings Plan disclosure booklet. The Contractor shall annually provide to the State, within sixty (60) calendar days after the end of each calendar year, a certification that the investments of the Trust

Fund are, and at all times during the year have been, in compliance with the Investment Policy. The Trust Fund assets allocated to the Guaranteed Option shall be invested and administered by the Contractor as set forth in the Funding Agreement and in the Savings Plan disclosure booklet.”

4. Section A.8.f. is amended by deleting the same in its entirety and by substituting instead the following:

“f. Contributions. The Contractor shall direct the investment of contributions made to the Plan Fund to: (i) the Age-Based Asset Allocation Option in accordance with the Allocation Guidelines for the applicable Age Band of the Age-Based Asset Allocation Option; (ii) the 100% Equity Option in accordance with the Allocation Guidelines for the 100% Equity Option; and (iii) the Guaranteed Option, if during the Guaranteed Option Subscription Period, to the TIAA-CREF Institutional Money Market Fund and, if after such period has ended, to the Funding Agreement.”

5. Section A.8.g is amended by deleting the same in its entirety and by substituting instead the following:

“g. Crediting of Contributions. Contributions to the Savings Plan received before the close of trading on the New York Stock Exchange (“NYSE”) (usually 4:00 p.m., Eastern Time) on any day on which the NYSE is open for trading (a “Business Day”) shall be credited to the Savings Account to which the contribution is made on the same day. Contributions received at or after the close of trading on the NYSE or on a day other than a Business Day shall be credited on the next Business Day. Contributions shall be credited that same day to (i) the applicable Age Band of the Age-Based Asset Allocation Option at Net Asset Value per share (as defined in Paragraph h below) calculated for that day for each of the Mutual Funds in which the Age Band is invested, (ii) the 100% Equity Option at the Net Asset Value per share calculated for that day for each of the Mutual Funds in which the 100% Equity Option is invested; and (iii) the Guaranteed Option at the Net Asset Value per share calculated for that day for the TIAA-CREF Institutional Money Market Fund and once the Guaranteed Option Subscription Period has ended, at the Guaranteed Option Unit Value (as defined in Paragraph h below). A contribution shall be credited to a Savings Account (i) once the documentation with respect to the Savings Account is properly completed and such contribution is in good order and (ii) at a share price equal to the Net Asset Value per share next calculated for the applicable

Investment Option (or for the applicable Age Band of the Age-Based Asset Allocation Option) after the contribution is credited.”

6. Section A.8.h is amended by deleting the same in its entirety and by substituting instead the following:

“*h. Net Asset Value Per Share.* “Net Asset Value per share” or “NAV per share” shall mean the price per share in any Age Band or Mutual Fund, respectively. Net Asset Value per share shall be determined when regular trading closes on the New York Stock Exchange on each Business Day that the NYSE is open. Net Asset Value per share shall be computed by dividing the value of an Age Band’s or a Mutual Fund’s, as the case may be, net assets less its liabilities, by the number of outstanding shares of such Age Band or Mutual Fund. The Net Asset Value per share of each Age Band shall be based upon the Net Asset Value per share of each of the Mutual Funds in which it invests. “Guaranteed Option Unit Value” shall mean the value of a trust unit calculated by dividing the value of the assets less any liabilities allocated to the Guaranteed Option, by the number of outstanding units invested in the Guaranteed Option. The value of a unit in the Guaranteed Option shall be based on the interest rate underlying the Funding Agreement as declared by TIAA-CREF Life.”

7. Section A.8.i is amended by deleting the same in its entirety and by substituting instead the following:

“*i. Withdrawals.* The Contractor shall process requests for withdrawals and refunds from the Savings Accounts in compliance with the Act, the Rules, Section 529 and the regulations promulgated by the Internal Revenue Service, as amended from time to time. The Net Asset Value per share for each of the Mutual Funds in which the 100% Equity Option is invested, for each of the Mutual Funds in which the pertinent Age Band of the Age-Based Allocation Option is invested, applicable to a withdrawal or refund, and for the TIAA-CREF Institutional Money Market Fund in which the Guaranteed Option during the Guaranteed Option Subscription Period will be invested, applicable to a withdrawal or refund, will be the Net Asset Value per share next calculated once such withdrawal or refund request is received in good order. After the Guaranteed Option Subscription Period has ended, the Guaranteed Option Unit Value of amounts invested in the Guaranteed Option, applicable to a withdrawal or refund, will be the Guaranteed

Option Unit Value next calculated once such withdrawal or refund request is received in good order.”

8. Section A.10.a is amended by adding the following new subdivision at the end thereof:

“(10) Implement on-line enrollment and on-line account access functionality for the Savings Plan at a date which shall be mutually agreeable to the parties.”

9. Section A.10.b is amended by deleting the first paragraph thereof in its entirety and by substituting instead the following:

“b. Marketing Expenditures and Promotional Activities. For the period from the date hereof through the fifth anniversary of the Savings Plan Start Date, the Contractor shall expend \$2,475,000 for marketing and promotional activities for the Savings Plan. During each one-year period ending on the sixth and seventh anniversary of the Savings Plan Start Date, the Contractor shall expend an additional \$812,500 for marketing and promotional activities for the Savings Plan. If the Contractor has not expended the sums set forth herein for marketing and promotional activities for the Savings Plan by the expiration or termination date of this Contract, the Contractor shall pay the unexpended amount to the State. Any amount due the State under this subsection shall be remitted to the State within sixty (60) calendar days after the expiration or termination date of this Contract.”

10. Section C.1 is amended by adding the following new paragraph at the end thereof:

“Notwithstanding the preceding paragraph of this Section C.1, the Contractor’s sole compensation for performing all services hereunder on and after June 1, 2005 shall be an aggregate fee at the annual rate of 0.80% of the average daily net assets of the Plan Fund (the “Management Fee”). Effective June 1, 2005 and throughout the remaining term of this Contract, said Management Fee shall not be subject to the adjustments as provided in Section C.2 below. The Management Fee shall be reduced (dollar for dollar) by the investment management fee payable by Savings Account owners under each Mutual Fund. The investment management fee for each Mutual Fund shall be disclosed in the prospectus for each Mutual Fund. The Management Fee shall accrue and be calculated by the Contractor daily and shall be payable monthly. The Contractor shall pay all of its direct and indirect costs and expenses in connection with this Contract, the Savings Plan and the services provided hereunder, and none of such costs or expenses shall be paid

from or reimbursed out of assets of the Savings Plan (other than the Management Fee). In no event, however, shall the Management Fee exceed at any time on or after June 1, 2005 an annual rate of 0.81% of the average daily net assets of the Plan Fund."

11. Section C.2 is amended by deleting the same in its entirety and by substituting instead the following:

"2. Adjustments to the Management Fee. The Management Fee shall be reduced by 0.20% (or 20 basis points) in the event that a matching contribution incentive on annual contributions up to \$5,000.00 is adopted by the State of Tennessee. Effective June 1, 2005 and throughout the remaining term of this Contract, the Management Fee shall not be subject to the adjustments provided for in this Section C.2."

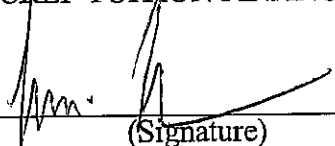
12. Annex A is amended by deleting the same in its entirety and by substituting instead the attached Annex A.

13. Exhibit I is amended by deleting the same in its entirety and by substituting instead the attached Exhibit I.

14. The other terms and provisions not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures as follows:

TIAA-CREF TUITION FINANCING, INC.

By: 
(Signature)

Date: 5/19/05

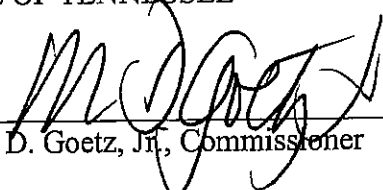
Christopher Lynch, Second Vice President
(Typed or Printed Name and Title) Education Savings

DEPARTMENT OF TREASURY
STATE OF TENNESSEE

By: 
Dale Sims, Treasurer & Chair
of the Board of Trustees

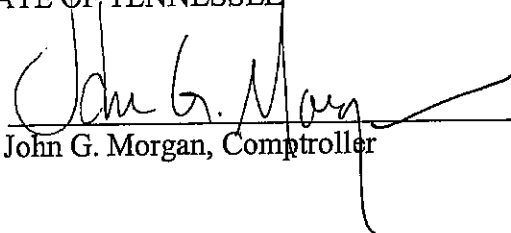
Date: 5/20/05

APPROVED:
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE OF TENNESSEE

By: 
M. D. Goetz, Jr., Commissioner

Date: 5-20-05

APPROVED
COMPTROLLER OF THE TREASURY
STATE OF TENNESSEE

By: 
John G. Morgan, Comptroller

Date: 5-23-05

ANNEX A

ALLOCATION GUIDELINES

ALLOCATION GUIDELINES FOR THE AGE-BASED ASSET ALLOCATION OPTION

Age Bands	Age of Beneficiary ¹	Institutional International Equity Fund	Institutional Large-Cap Growth Index Fund	Institutional Large-Cap Value Index Fund	Institutional Small-Cap Blend Index Fund	Institutional Real Estate Securities Fund	Institutional Bond Fund	Institutional Inflation-Linked Bond Fund	Institutional Money Market Fund
1	0-3	15.00%	24.15%	24.15%	4.20%	7.50%	18.75%	6.25%	0.00%
2	4-7	13.00%	20.93%	20.93%	3.64%	6.50%	26.25%	8.75%	0.00%
3	8-11	10.00%	16.10%	16.10%	2.80%	5.00%	37.50%	12.50%	0.00%
4	12-14	7.00%	11.27%	11.27%	1.96%	3.50%	48.75%	16.25%	0.00%
5	15-17	4.00%	6.44%	6.44%	1.12%	2.00%	41.25%	13.75%	25.00%
6	18 and over	2.00%	3.22%	3.22%	0.56%	1.00%	33.75%	11.25%	45.00%

* The actual percentages are generally to be in a range within 3% of the base percentages indicated above; provided, that the Program Manager will have a reasonable time to bring the percentage of assets of each Age Band allocated to each Mutual Fund within this 3% range if a significant movement in the market results in allocations outside of this range.

¹ Beneficiaries are moved from one Age Band to the next Age Band on the first "rolling date" following their fourth, eighth, twelfth, fifteenth and eighteenth birthdays. The "rolling dates" are March 20, June 20, September 20 and December 20 (or the first business day thereafter).

ALLOCATION GUIDELINES FOR THE 100% EQUITY OPTION

Institutional Growth Equity Fund	Institutional International Equity Fund	Institutional Large-Cap Value Fund	Institutional Small-Cap Equity Fund	Institutional S&P 500 Index Fund	Institutional Real Estate Securities Fund**
28.70%	20.00%	29.40%	5.60%	6.30%	10.00%

* The actual percentages are generally to be in a range within 3% of the base percentages indicated above; provided, that the Program Manager will have a reasonable time to bring the percentage of assets allocated to each Mutual Fund within this 3% range if a significant movement in the market results in allocations outside of this range.

** A small portion of the Institutional Real Estate Securities Fund may be invested in fixed-income securities.

ANNEX B

TIAA-CREF Life Insurance Company

730 Third Avenue, New York, N.Y. 10017-3209

Telephone: 800-842-2733

Funding Agreement

Contract Number: []

Date of Issue: [], 2005

Policyholder: Tennessee Baccalaureate Education System Trust

This is a Contract between You, the Policyholder, and TIAA-CREF Life Insurance Company ("TIAA-CREF Life"). This page briefly describes some of the features of the Contract. The next pages set forth in detail the rights and obligations of both TIAA-CREF Life and the Policyholder under the Contract.

GENERAL DESCRIPTION

All premiums for this Contract will be remitted by the Policyholder. The Contract will be credited with a guaranteed interest rate and may also be credited with additional interest. TIAA-CREF Life does not guarantee that there will be additional interest. The Policyholder has the right to periodically withdraw interest.

This Contract cannot be assigned nor does it provide for loans.

Bertram L. Scott
President

PART A: TERMS USED IN THIS CONTRACT

1. An **Account Owner** is an individual who has established an account representing an interest in the State Tuition Program
2. **Business Day** means any day between the hours of 9:00 a.m. and 5:00 p.m. Eastern Time on which TIAA-CREF Life's home office in New York is open for business.
3. The **Contract** is this agreement and is made between the Policyholder and TIAA-CREF Life.
4. **Effective Date** means the first date this Contract is in force.
5. **Funding Agreement Account** means the account established in accordance with Section 15 for the purpose of accumulating funds to be withdrawn to make payments to Account Owners and as otherwise permitted herein.
6. The **General Account** consists of all of TIAA-CREF Life's assets other than those in separate accounts.
7. The **Management Agreement** refers to the agreement, as amended, by and between TIAA-CREF Tuition Financing, Inc. and the State of Tennessee, Baccalaureate Education System Trust, contract number FA-00-13872-00, as amended.
8. **Premium** means a cash payment made by the Policyholder or its agent to TIAA-CREF Life, which We accept, for credit to the Funding Agreement Account.
9. **State Tuition Program** is Tennessee's BEST Savings Plan ("BEST").
10. "We," "Us," "Our," and "Company" refer to TIAA-CREF Life.
11. "You," "Your," "Yours," and "Policyholder" refer to the Policyholder named on the cover page of this Contract.

PART B: CONTRACT AND PREMIUMS

12. **The Contract.** The Contract and the attached application constitute the entire agreement between TIAA-CREF Life and the Policyholder and the provisions herein alone will govern with respect to the rights and obligations of TIAA-CREF Life and the Policyholder. We have issued this Contract in return for Your completed application. Except as otherwise provided in Section 15, any endorsement or amendment of this Contract or waiver of any of its provisions will be valid only when made in writing by (i) TIAA-CREF Life and signed by an Executive Officer of TIAA-CREF Life and (ii) agreed to in writing by the Chairperson of the Policyholder.

All premiums and benefits are payable at the home office of TIAA-CREF Life at 730 Third Avenue, New York, NY 10017 or at such location as TIAA-CREF Life may designate by prior written notice.

13. **Premiums.** Premiums under this Contract will be remitted by the Policyholder or its agent.
14. **Premium taxes.** State and local government premium tax, if applicable, will be deducted from Your Contract accumulation when incurred by TIAA-CREF Life. TIAA-CREF Life may deduct these taxes when the premium is received by TIAA-CREF Life or when withdrawals are made. If no amount for premium tax was deducted, but premium tax is later determined to be due, TIAA-CREF Life will reduce Your Funding Agreement Account by the amount of tax which is determined to be due by TIAA-CREF Life.

PART C: FUNDING AGREEMENT

15. Your Funding Agreement Account is equal to:
- A) all premiums allocated to this Contract; plus
 - B) guaranteed interest credited to Your account accumulation on a daily basis at the effective annual rate described below; plus
 - C) any additional interest in excess of the guaranteed interest credited to Your account accumulation, pursuant to Section 17; less
 - D) premium taxes deducted pursuant to Section 14, if any; less
 - E) the amount of any withdrawals.

Interest will be credited on amounts applied to this Contract from the end of the day on which such amount is credited to the date such amount is withdrawn, on the following basis:

The initial minimum effective annual interest rate to be credited under this Contract is 2.75%. Beginning on and including July 1, 2006, the minimum effective annual interest rate to be credited will be reset each July 1. Subject to the constraint that the minimum rate will not be less than 1% nor greater than 3%, the rate will be reset to the CMT less .0125, rounded to the nearest 0.0005. The CMT is the average five-year Constant Maturity Treasury Rate reported by the Federal Reserve for the calendar month of May that precedes the reset date.

We may make future changes to the reset date and/or to the choice of calendar month for which the CMT is calculated. Any such change will be made only after we have given you thirty days' written notice.

16. **General Account.** Your Funding Agreement Account is part of TIAA-CREF Life's General Account and is separate and apart from any assets in separate accounts.
17. **Additional Interest.** Additional interest may be credited to Your account accumulation by TIAA-CREF Life. TIAA-CREF Life does not guarantee that there will be additional interest. TIAA-CREF Life will determine at least annually whether additional interest will be credited under the Contract.

Any additional interest credited to the Funding Agreement Account will be credited daily under a schedule of additional interest rates declared by TIAA-CREF Life. For Funding Agreement Account accumulations as of the effective date of such a schedule, the additional interest rates will not be modified for a period of twelve months following the schedule's effective date. For any premiums and interest applied to the Funding Agreement Account during the twelve month period described in the preceding sentence, TIAA-CREF Life may declare additional interest at rates which remain in effect through the end of such twelve month period. Thereafter, any additional interest rates declared for such amounts will remain in effect for periods of twelve months or more.

PART D: WITHDRAWALS

18. **Withdrawals.** The Policyholder or its agent may direct Us to distribute amounts held under this Contract at the Policyholder's discretion, in order to satisfy withdrawal requests by Account Owners as defined by the State Tuition Program. The Policyholder may, at its discretion, also direct Us to make withdrawals that do not satisfy withdrawal requests by Account Owners, subject to the provisions on large withdrawals in Section 21. In addition, withdrawals of interest may be made by the Policyholder pursuant to Section 20.

19. **Funding Agreement Account Reduction Basis.** When different rate schedules apply to different parts of the Funding Agreement Account, as described in Section 17, any reduction made to provide withdrawals, other than those pursuant to Section 20, will be made on a "first-in – first-out" (FIFO) basis.

20. **Right to Withdraw Interest Credited.** The Policyholder has the right, at the end of each calendar quarter, to request in writing a withdrawal of the interest credited, or any portion of the interest credited, that quarter. The Policyholder must notify TIAA-CREF Life of its intent to withdraw the interest not more than 10 Business Days and not less than 5 Business Days prior to the end of the quarter. The amount will be transferred, as directed by the Policyholder, on the last day of the quarter, or if that is not a Business Day, the next Business Day, to an account specified by the Policyholder. If the next Business Day is in the following calendar year, the amount will be paid on the last Business Day prior to December 31 of the current calendar year.

21. **Large Withdrawals.** In the event the Policyholder requests withdrawals totaling more than \$1,000,000, other than pursuant to Section 20, over a 30-day period which are not used to satisfy qualified and non-qualified withdrawals from the State Tuition Program, these amounts will be paid as specified in Section 24, below.

PART E: EXPIRATION DATE

22. **Expiration Date.** This Contract will remain in effect until June 1, 2007 unless renewed by the parties or discontinued pursuant to Section 23. If the Contract is not renewed, distributions will be made in accordance with Section 24.

PART F: DISCONTINUANCE OF CONTRACT

23. **Discontinuance by Policyholder and Effective Dates.** Notwithstanding Section 22, on written notice to TIAA-CREF Life, the Policyholder may elect to discontinue this Contract as of a date, to be stated in such notice, provided TIAA-CREF Life receives such notice on or before such date. Otherwise, the date of discontinuance will be the date TIAA-CREF Life receives such notice. If this Contract is discontinued, the provisions set forth in Section 24 will apply.

24. **Large Sum Discontinuance or Withdrawal by Policyholder.** If this Contract is discontinued in accordance with Section 23, or in the event of termination of the Management Agreement, or in the event the Policyholder requests withdrawals (other than pursuant to Section 20) totaling more than \$1,000,000 over a 30-day period, the value of the Funding Agreement Account or the amount of the withdrawal, as the case may be, which are not used to satisfy qualified and non-qualified withdrawals from the State Tuition Program, will be paid out over a five-year period. This five-year pay-out will operate as follows: 20% of such value or withdrawal, as the case may be, will be paid to the Policyholder 30 days after a written request is received by TIAA-CREF Life, with 25%, 33%, 50% and 100% or the remaining balance, along with accumulated interest on such remaining balance, being paid on each of the first four anniversaries of the date the request was received, respectively.

PART G: GENERAL PROVISIONS

25. **No Assignment.** Neither the Policyholder nor any other person may assign, pledge, or transfer ownership of this Contract or any benefits under its terms. Any such action will be void and of no effect.

26. **Service of Process upon TIAA-CREF Life.** TIAA-CREF Life will accept service of process in any action or suit against TIAA-CREF Life on this Contract in any court of competent jurisdiction in the United States, provided such process is properly made. TIAA-CREF Life will also accept such process sent to TIAA-CREF Life by registered mail if the plaintiff is a resident of the state or district in which the action or suit is brought. This Section does not waive any of TIAA-CREF Life's rights, including the right to remove such action or suit to another court.

27. **Compliance with Laws and Regulations.** TIAA-CREF Life will administer the Contract to comply with all laws and regulations pertaining to the terms and conditions of the Contract.

28. **Applicable Law.** This Contract shall be governed by the laws of the State of Tennessee.

29. **Severability.** If any part of this Contract is declared invalid for any reason, such decision shall not affect the validity of any remaining portion. Such remaining portion shall remain in full force and effect as if the Contract had been executed with the invalid portion eliminated.

30. **Notice Requirement.** No notice, application, form, or request for benefits will be deemed to be received by Us unless it is received in writing at Our home office in New York, New York. Any questions about this Contract should be directed to Us at Our home office

address: 730 Third Avenue, New York, New York 10017-3209 or at such location as TIAA-CREF Life may designate by prior written notice.

TIAA-CREF Life Insurance Company

**730 Third Avenue
New York, New York 10017-3209
Telephone: 1-800-842-2733**

Application for Funding Agreement

Application is hereby made to TIAA-CREF Life Insurance Company.

By: Tennessee Baccalaureate Education System Trust

Address: 1st Floor, State Capitol
State Treasurer Office
Nashville, TN 37243-0225

For Contract No.: []

This application, if accepted, shall become a part of the Funding Agreement.

Signed at _____ on _____
[Location] (Date)

By: _____
[Name]

Title: _____

Witness: _____
[Name]

Accepted by:

TIAA-CREF Life Insurance Company

By: _____
[Name, Title]

Date: _____

EXHIBIT I

Pursuant to Section E.16.b of the Contract between the State of Tennessee, Baccalaureate Education System Trust, hereinafter referred to as the "State", and TIAA-CREF Tuition Financing, Inc., hereinafter referred to as the "Contractor", each party has outlined below the respective addresses, telephone numbers and telefax numbers to which the other party is authorized to send or give any notices, requests, demands, or other advice which may be given under the Contract. This Exhibit I shall be valid until revoked or amended by further written notice.

The Contractor: TIAA-CREF Tuition Financing, Inc.
730 Third Avenue
New York, New York
Attention: Phillip Rollock, Vice President
Tel: (212) 490-9000 x4218
Fax: (212) 916-6300

TIAA-CREF Tuition Financing, Inc.
8600 Andrew Carnegie Boulevard
Charlotte, NC 28262
Attention: Christopher Lynch, Regional Director,
Second Vice President
Tel: (704) 988-6610
Fax: (704) 988-6712

With a copy (that will not constitute notice) to:
TIAA-CREF
730 Third Avenue
New York, New York 10017
Attention: General Counsel
Tel: (212) 916-4750
Fax: (212) 916-6230

The State: Tennessee Baccalaureate Education System Trust
Attention: Executive Assistant to the State Treasurer
1st Floor, State Capitol
State Treasurer's Office
Nashville, Tennessee 37243-0225
Tel: (615) 532-9910
Fax: (615) 253-1591



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

**Representative Charles Curtiss
Chairman**

**Senator Don McLeary
Vice-Chairman**

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman
Don McLeary, Vice-Chairman

DATE: March 29, 2005

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 3/28/05)

RFS# 309.01-017

Department: Treasury

Contractor: TIAA-CREF Tuition Financing, Inc.

Summary: The contract amendment would provide for administrative and investment management services for the Savings Plan component of the Baccalaureate Education System Trust Program and lowers the fee basis points from 95 to 80. This contract amendment is for a two-year, two-month term beginning on 3/29/2005 and ending on 6/1/2007.

Original maximum liability: N/A – NO STATE FUNDS

Maximum liability with amendment: N/A – NO STATE FUNDS

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

CC:LSC

cc: The Honorable Dale Sims, State Treasurer
Mr. Robert Barlow, Director, Office of Contracts Review

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	309.01-017	Contract Number:	FA-00-13872-03
State Agency:	Tennessee Treasury Department	Division:	Baccalaureate Education System Trust
Contractor		Contractor Identification Number	
TIAA-CREF Tuition Financing, Inc.		<input checked="checked" type="checkbox"/> V- <input type="checkbox"/> C-	13-4026557

Service Description

Provides administrative and investment services for the Savings Plan component to the Baccalaureate Education System Trust.

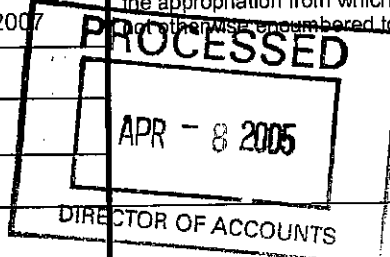
Contract Begin Date	Contract End Date
December 2, 1999	June 1, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
309.01				<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2000	0.00				0.00
2001	0.00				0.00
2002	0.00				0.00
2003	0.00				0.00
2004	0.00				0.00
2005	0.00				0.00
2006	0.00				0.00
2007	0.00				0.00
Total:	0.00				0.00

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Mary Roberts-Krause, General Counsel	Is the Contractor a VENDOR? (per OMB A-133)	√
Address:	10 th Floor, Andrew Jackson Building	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	Nashville, Tennessee 37243-0230 (615) 741-8202, extension 104	Is the Contractor on STARS?	√
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractors Form W-9 Filed with Accounts?	√

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →	March 28, 2005	June 1, 2007	
FY: 2000	0.00		
FY: 2001	0.00		
FY: 2002	0.00		
FY: 2003	0.00		
FY: 2004	0.00		
FY: 2005	0.00	0.00	



FY: 2006		0.00
FY: 2007		0.00
Total:	0.00	0.00

AMENDMENT NUMBER 3
TO CONTRACT FA-00-13872-00
BETWEEN THE
STATE OF TENNESSEE, BACCALAUREATE EDUCATION SYSTEM TRUST
AND
TIAA-CREF TUITION FINANCING, INC.

WHEREAS, the State of Tennessee, Baccalaureate Education System Trust (the "State"), and TIAA-CREF Tuition Financing, Inc. (the "Contractor") entered into Contract No. FA-00-13872-00 on December 2, 1999 for the provision of implementation and management services to the State in connection with the Educational Savings Plan (the "Savings Plan") component of the Tennessee Baccalaureate Education System Trust Program (the "BEST Program") and the investment of the assets of the Savings Plan, and

WHEREAS, the said parties desire to amend said Contract in the manner described below,

NOW THEREFORE, the parties hereby amend said Contract as follows:

1. Section B is by deleting the same in its entirety and by substituting instead the following:

"B. TERM:

This Contract shall be effective for the period commencing on December 2, 1999 and ending on June 1, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period."

2. The other terms and provisions not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set their signatures as follows:

TIAA-CREF TUITION FINANCING, INC.

By: Phillip Rollock
(Signature)

Date: 3/22/05

Phillip Rollock, Vice Pres., Product Management
(Typed or Printed Name and Title)

DEPARTMENT OF TREASURY
STATE OF TENNESSEE

By: Dale Sims
Dale Sims, Treasurer & Chair
of the Board of Trustees

Date: 3/23/2005

APPROVED:
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE OF TENNESSEE

By: M. D. Goetz, Jr.
M. D. Goetz, Jr., Commissioner

Date: 3/23/05

APPROVED
COMPTROLLER OF THE TREASURY
STATE OF TENNESSEE

By: John G. Morgan
John G. Morgan, Comptroller

Date: 3/23/2005